

Message Text

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PAGE 01 STATE 043340

70

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FM SECSTATE WASHDC

TO AMEMBASSY BANGKOK PRIORITY

INFO CINCPAC

C O N F I D E N T I A L STATE 043340

E.O. 11652: GDS

TAGS: MASS, TH

SUBJECT: USE OF FMS CREDITS FOR PURCHASE OF SPARE PARTS;
FY 1975 CREDITS

REFS: A. BANGKOK 1988, B. COMUSMACTHAI 280950Z JAN 76

1. APPROVAL FOR A ONE-TIME EXCEPTION TO POLICY WHICH WILL
PERMIT THE USE OF FY 1975 THAI FMS CREDIT FOR THE PURCHASE
OF SPARE PARTS IS BEING SENT SEPTTEL.

2. HOWEVER, WE REQUIRE FOR THE RECORD A DETAILED LIST OF
SPARE PARTS ITEMS RTG HAS DECIDED TO PURCHASE WITH FY 75
FMS CREDIT AS WELL AS ANSWERS TO FOLLOWING QUESTIONS:

A. IS THERE NO WAY THE THAI COULD DRAW ON THEIR SUB-
STANTIAL FOREIGN EXCHANGE RESERVES AND USE FMS CASH OR
COMMERCIAL CHANNELS TO PROCURE SPARES FOR THEIR
DEADLINED EQUIPMENT?

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PAGE 02 STATE 043340

B. HOW WOULD THIS USE OF FMS CREDITS COMPORT WITH KHUKRIT'S AND CHATCHAI'S CRITICISMS OF OUR PAST MILITARY ASSISTANCE? WE ARE MINDFUL, FOR EXAMPLE, OF THEIR COMPLAINTS THAT USING THE PROGRAMS FOR CONSUMABLES IN THE PAST HAS PRODUCED A SITUATION WHEREBY AFTER 25 YEARS THE THAI ARE STILL UNABLE TO STAND ON THEIR OWN FEET.

C. HAS THE USE OF FMS CREDITS FOR SPARES RECEIVED FULL RTG APPROVAL, INCLUDING THE MINISTRY OF FINANCE?

D. WE HAVE DOUBTS ABOUT BEING PARTY TO A FISCAL ARRANGEMENT WHEREBY ITEMS ARE BOUGHT ON CREDIT WHOSE USEFUL LIFE IS PERHAPS LESS THAN THE REPAYMENT PERIOD. WHAT, THEREFORE, WOULD BE THE EFFECT OF STIPULATING THAT THE REPAYMENT PERIOD FOR THIS ONE-TIME CREDIT FOR SPARES COINCIDE WITH THE EXPECTED LIFE OF THE ITEMS BEING PURCHASED?

3. PLEASE REPLY TO ABOVE BY COB FEBRUARY 29. INGERSOLL

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